

Background on the U.S.-Vietnam Bilateral Trade Agreement

*The growth of the world economy depends on world trade. The growth of world trade depends on American leadership. And America will lead -- toward freer trade, toward wider and more lasting prosperity for ourselves and for the world. **President George W. Bush, May 31, 2001***

Vietnam is one of six countries with whom the United States does not now have normal trade relations, meaning that the lower tariff rates the United States applies to imports from nearly every other country are not applied to imports from Vietnam.

Under U.S. law, two conditions must be met in order for Vietnam to receive Normal Trade Relations (“NTR”) status: (1) Vietnam must sign, and Congress must approve, a bilateral commercial agreement; and (2) the President must either find that Vietnam is in compliance with certain freedom of emigration requirements (commonly referred to as the “Jackson-Vanik” amendment) or annually “waive” those requirements, thus indicating that Vietnam is making sufficient progress on this issue.

In July, 2000, the United States and Vietnam signed a bilateral trade agreement that fulfills the first condition necessary to give Vietnam NTR status. Negotiations on the agreement began in 1996. The agreement represents an important milestone in the decade-long normalization of U.S.-Vietnam relations begun in the 1990s under former President Bush.

Under legislation dating from 1975, trade agreements with countries like Vietnam are subject to expedited Congressional review. Under this procedure, Congress considers whether to approve a joint resolution, the wording of which is set out in law and may not be amended. A maximum of 45 legislative days is allotted for committee review of the resolution and both houses of Congress must vote on the resolution within 15 legislative days thereafter.

Vietnam has received annual waivers of “Jackson-Vanik” requirements since 1998. A waiver makes Vietnam eligible for benefits provided by the U.S. Overseas Private Investment Corporation and the Export-Import Bank. If Congress approves the bilateral trade agreement, Vietnam will also be eligible for NTR status, subject to renewal each year.

Under the trade agreement, Vietnam has committed to opening its market to U.S. goods, services, and investment and to moving toward adoption of World Trade Organization and other international trade and investment norms. The agreement covers six major areas: market access for industrial and agricultural goods, protection of intellectual property, market access for services, investment protection, business facilitation, and transparency.